

2020

**BOARD OF LEVEE COMMISSIONERS
OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
GALLIANO, LOUISIANA**

JUNE 30, 2012

Audit of Financial Statements

JUNE 30, 2012

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 24 2012**

CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-2
REQUIRED SUPPLEMENTAL INFORMATION – PART I	
Management's Discussion and Analysis	3-7
GOVERNMENT WIDE FINANCIAL STATEMENTS	
Statement of Net Assets	8
Statement of Activities	9
FUND FINANCIAL STATEMENTS	
Balance sheet - Governmental Funds and reconciliation of Governmental funds fund balances to the statement of net assets	10
Statement of Revenues, Expenditures and Changes in Fund Balances and reconciliation of changes in fund balances of Governmental funds to the statement of activities	11
NOTES TO FINANCIAL STATEMENTS	12-29
REQUIRED SUPPLEMENTARY INFORMATION – PART II	
Schedule I – Budgetary Comparison Schedule – General Fund	30
Schedule II – Budgetary Comparison Schedule – Debt Service Fund and Capital Projects Fund	31
Schedule III – Schedule of Funding Progress	32
OTHER SUPPLEMENTARY INFORMATION	
Schedule IV – Per Diem Paid Board Members	33
Other Report Required by <i>Government Auditing Standards</i> - Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	34-35
Schedule of Findings and Responses	36-37
Schedule of Prior Year Findings and Management's Corrective Action Plan	38-39
REQUIRED SUPPLEMENTAL INFORMATION – PART III	
Reporting Packet – Division of Administration, Office of Statewide Reporting and Accounting Policy – Annual Financial Report (CAFR)	40-68



Independent Auditor's Report

September 14, 2012

**Board of Levee Commissioners of the
South Lafourche Levee District
State of Louisiana
Galliano, Louisiana**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Levee District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Levee District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Board of Levee Commissioners of the South Lafourche Levee District as of June 30, 2012 and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 14, 2012 on our consideration of the Levee District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part

of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of funding progress for Other Post-employment benefits information and the budgetary comparison schedules on pages 3 through 7 and 30 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Levee District's basic financial statements. The accompanying supplementary information such as the Board Members' Per Diem and the Division of Administration Reporting Packet, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Levee District. The Division of Administration Reporting Packet and Board Members' Per Diem is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hienz & Macalusa, LLC
Metairie, LA

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management's discussion and analysis of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District") financial performance presents a narrative overview and analysis of the commission's financial activities for the year ended June 30, 2012. This document focuses on the current year's activities, resulting changes and currently known facts. Please read this document in conjunction with the Levee District's financial statements.

Financial Highlights

- Total net assets increased \$ 708,336, to \$ 51,522,180 at June 30, 2012 from the June 30, 2011 amount of \$ 50,813,844 – an increase of 1.39%.
- The Levee District recorded operating grants from the State of Louisiana in the amount of \$ 2,562,051.
- The Levee District recorded long-term debt for the other post-employment benefits (other than retirement benefits) liability for retiree's benefits in the amount of \$ 984,841 as required under Government Accounting Standards Board Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. See notes to financial statements for further discussion.
- During 2012 the Levee District made levee improvements including levee lifts and other improvements and repairs to pump stations totaling of \$ 8,419,997.
- The Levee District received proceeds from a new bond issue during 2006 – in the amount of \$ 7,000,000. The bond proceeds are to be used for the purpose of constructing and maintaining necessary levees, levee drainage, flood protection, hurricane flood protection and all other purposes incidental thereto. During 2012 the Levee District remitted \$ 565,000 in principal payments on the bond issue. As of June 30, 2012 the remaining unpaid principal balance was \$ 4,190,000.

Overview of the basic financial statements

This discussion and analysis is intended to serve as an introduction to the Levee District's financial statements, which is comprised of government wide-financial statements, fund financial statements and notes to the financial statements.

The government-wide financial statements present financial information for all activities of the Levee District from an economic resources measurement focus using the accrual basis of accounting. They present governmental activities, such as general government and debt service, separately from business-type activities. The Levee District has only governmental activities. Government-wide financial statements for governmental activities include the Statement of Net Assets and the Statement of Activities. They provide information about the activities of the Levee District as a whole and present a longer-term view of the Levee District's finances.

The Levee District has three governmental type funds – General Fund, Debt Service Fund and the Capital Projects Fund. The fund financial statements are comprised of the Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances. These statements report how the Levee District's flood protection services were financed in the short term as well as what remains for future spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed *short-term view* of the Levee District's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Levee District's programs. Fund financial statements also report the Levee District's operations in more detail than the government wide statements by providing information about the Levee District's major funds. We describe the relationship (or differences) between the governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and the governmental funds in a reconciliation at the bottom of the fund financial statements.

Financial Analysis of the Levee District

The following presents condensed financial information on the operations of the Levee District:

	June 30, 2012	June 30, 2011	Change Inc (Dec)
Current Assets	\$ 22,323,726	\$ 20,306,770	\$ 2,016,956
Capital Assets, net	36,342,657	37,331,299	(988,642)
Total Assets	58,666,383	57,638,069	1,028,314
Current Liabilities	2,488,389	1,703,939	784,450
Long Term Liabilities	4,655,814	5,120,286	(464,472)
Total Liabilities	7,144,203	6,824,225	319,978
Net Assets Invested in Capital Assets	36,342,657	37,331,299	(988,642)
Reserved for Debt Service	-	-	-
Unrestricted Net Assets	15,179,523	13,482,545	1,696,978
Total Net Assets	51,522,180	50,813,844	708,336
Program Revenues:			
Grants and Contributions	2,562,051	5,598,129	(3,036,078)
General Revenues			
Taxes	9,748,406	10,304,069	(555,663)
Mineral lease and royalty income	643,524	1,632,855	(989,331)
Investment	39,385	67,820	(28,435)
Intergovernmental Revenues	-	-	-
State Revenue Sharing	51,688	51,053	635
FEMA	-	-	-
Other	231,763	303,068	(71,305)
Total General Revenues	10,714,766	12,358,865	(1,644,099)
Total Revenues	13,276,817	17,956,994	(4,680,177)
Total Expenses	12,568,481	14,057,103	(1,488,622)
Change in Net Assets	\$ 708,336	\$ 3,899,891	\$ (3,191,555)

The Levee District's net assets increased by \$ 708,336 during the fiscal year ended June 30, 2012 primarily due to total expenses decreasing \$ 1,488,622 from the prior year due primarily to a decrease in repairs to pump stations and maintenance to levees including levee lifts.

Analysis of Individual Funds of the Levee District

The activity in the individual funds is reflected in the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds. The total net assets and the change in net assets as reflected in the government-wide financial statements (which are condensed above) are reconciled with the fund financial statements at the bottom of the respective statements.

Analysis of Budgeted Amounts

A comparison of budget to actual for the general fund, capital projects fund and the debt service fund is presented as a required supplemental statement. The annual budget is approved by the Board of Commissioners each year. The budget is then submitted for approval to the Joint Legislative Committee on the Budget no later than ninety days prior to the end of each fiscal year for the succeeding fiscal year for review. The fiscal year ended June 30, 2012 original budget was adopted April 11, 2011 and was subsequently amended on June 11, 2012.

The Levee District prepares the original budget for the subsequent year based on estimates of revenues and expenses for the current year. The Levee District makes assumptions about the subsequent year based on various factors available to management at the time the original budget is prepared. Management relies on these estimates and assumptions to determine how revenues and expenses for the subsequent year may fluctuate from the previous year.

The amount budgeted for revenue and expenses in the capital projects fund and general fund was adjusted from the original budgeted amounts due to the fact that the original budget was prepared before the end of the Levee District's fiscal year and due to the timing of projects where expenses will be shared with the state. The general fund adjusted the following amounts between its original and final budget: beginning of year fund balance was increased by \$ 3,857,429, while revenue was decreased by \$ 4,516,762 and expenses increased by \$ 116,353. In the capital projects fund amounts for original budget and final budget were adjusted as follows: beginning fund balance was increased by \$ 2,401,809, and capital outlays were increased by \$ 1,615,479. Transfers from the general fund to the capital projects fund were decreased in the amount of \$ 775,686 from the original to final budgets. There were no other significant fluctuations between the original and final budgeted amounts.

Economic Factors and Next Year's Budgets

The Levee District does not expect any significant variances for revenue or expenditure accounts between fiscal years ending June 30, 2012 and June 30, 2013.

Capital Assets and Long Term Debt Administration

Capital Assets

As of June 30, 2012 the Levee District had \$ 36,342,657 (net of depreciation) invested in a broad range of capital assets including land, buildings, equipment and infrastructure (lock system, pump stations and pumps). The levees are not owned by the Levee District and the Levee District is not responsible for significant maintenance on them,

therefore they are not recorded as capital assets. During the current year the Levee District recorded \$ 330,851 of capital acquisitions and \$ 1,319,493 of depreciation.

Long Term Debt

The Levee District has one bond issue outstanding in the amount of \$ 4,190,000 as of June 30, 2012. The next principal payment is due March 1, 2013 in the amount of \$ 600,000. The remaining amount of \$ 3,590,000 is classified as long term debt in the financial statements.

The Levee District also has recorded compensated absences payable as of June 30, 2012 in the amount of \$ 107,964, which represents an increase of \$ 10,517 from the prior year. The Levee District has classified \$ 26,991 of the above amount as short term.

Also included in long term debt is the other post-employment benefits liability for retiree's benefits in the amount of \$ 984,841 as required under Government Accounting Standards Board Statement No. 45 – *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. See notes to financial statements for further discussion.

Contacting the Levee District's Financial Management

This report is designed to provide our citizens, taxpayers and creditors with a general overview of the Levee District's finances. If you have any questions regarding this report, contact the South Lafourche Levee District, Post Office Box 426, Galliano, Louisiana 70354.

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Cash in Banks	1,431,957
Investment - Certificates of deposit	4,000,000
Investment - LAMP	14,802,031
Accrued interest	13,642
Accounts receivable	2,072,711
Deposits	3,385
Property and equipment, net	36,342,657

Total assets	\$ <u>58,666,383</u>
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LIABILITIES AND NET ASSETS

Liabilities

Accounts payable	\$ 272,482
Contracts payable	1,454,242
Accrued interest payable	59,079
Deferred revenue - Port Commission	75,595
Long term liabilities due within one year	626,991
Other post employment benefits payable	984,841
Long term liabilities due in more than one year	3,670,973

Total liabilities	<u>7,144,203</u>
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Net assets

Invested in Capital Assets	36,342,657
Restricted for Debt Service	-
Unrestricted	15,179,523

Total net assets	\$ <u>51,522,180</u>
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The accompanying notes are an integral part of these financial statements

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Functions/programs	Expenses	PROGRAM REVENUES		Net Revenue and Change in Net Assets
		Operating Grants and Contributions	Capital Grants and Contributions	
				Governmental Activities
Public safety				
Flood protection	\$ 12,375,311	\$ 2,562,051	\$ -	\$ (9,813,260)
Interest on long term debt	193,170	-	-	(193,170)
Total governmental activities	\$ 12,568,481	\$ 2,562,051	\$ -	\$ (10,006,430)
General revenues:				
Taxes				9,748,406
Mineral lease and royalty income				643,524
Intergovernmental revenues:				
State revenue sharing				51,688
FEMA				-
Unrestricted investment earnings				39,385
Gain on disposition of assets				-
Miscellaneous				231,763
Total general revenues				10,714,766
Change in net assets				708,336
Net assets - beginning of the year				50,813,844
Net assets - end of the year				\$ 51,522,180

The accompanying notes are an integral part of these financial statements

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
BALANCE SHEET
JUNE 30, 2012

	Governmental Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
ASSETS				
Cash in Banks	\$ 1,047,435	\$ 384,522	\$ -	\$ 1,431,957
Investment - certificates of deposit	4,000,000	-	-	4,000,000
Investment - LAMP	14,802,031	-	-	14,802,031
Accrued interest	13,642	-	-	13,642
Accounts receivable	1,156,669	916,042	-	2,072,711
Deposits	3,385	-	-	3,385
Total assets	<u>\$ 21,023,162</u>	<u>\$ 1,300,564</u>	<u>\$ -</u>	<u>\$ 22,323,726</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 106,934	\$ 165,548	\$ -	\$ 272,482
Contracts payable	-	1,454,242	-	1,454,242
Deferred Revenue - port Commision	75,595	-	-	75,595
Total liabilities	<u>182,529</u>	<u>1,619,790</u>	<u>-</u>	<u>1,802,319</u>
Fund balances				
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	20,840,633	(319,226)	-	20,521,407
Total fund balances	<u>20,840,633</u>	<u>(319,226)</u>	<u>-</u>	<u>20,521,407</u>
Total liabilities and fund balances	<u>\$ 21,023,162</u>	<u>\$ 1,300,564</u>	<u>\$ -</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

The purchase of capital assets are reported as expenditures as they are incurred in the governmental funds. The statement of net assets reports capital outlays as an asset of the District. These capital assets are depreciated over their estimated useful lives in the statement of activities and are not reported in the governmental funds.

Total cost of capital assets	48,537,689
Accumulated depreciation related to those assets	(12,195,032)

Long term liabilities that are not due and payable in the current period are not reported as a liability in the governmental funds. All liabilities - both current and long term - are reported in the statement of net assets.

Compensated absences payable	(107,964)
Accrued interest on bonds payable	(59,079)
Other post employment benefits payable	(984,841)
Bonds payable	(4,190,000)

Net assets of governmental activities	<u>\$ 51,522,180</u>
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The accompanying notes are an integral part of these financial statements.

BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Funds			Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
REVENUES				
Taxes	\$ 9,748,406	\$ -	\$ -	\$ 9,748,406
Mineral lease and royalty income	643,524	-	-	643,524
Intergovernmental	51,688	2,562,051	-	2,613,739
Investment income	38,062	1,323	-	39,385
Miscellaneous	231,763	-	-	231,763
Total revenues	<u>10,713,443</u>	<u>2,563,374</u>	<u>-</u>	<u>13,276,817</u>
EXPENDITURES				
Current:				
Public safety - flood protection	2,472,192	-	-	2,472,192
Capital outlay	330,849	8,445,270	-	8,776,119
Debt service:	-	-	-	-
Principle	-	-	565,000	565,000
Interest	-	-	201,137	201,137
Debt service fees	-	-	200	200
Total Expenditures	<u>2,803,041</u>	<u>8,445,270</u>	<u>766,337</u>	<u>12,014,648</u>
Excess (deficiency) of revenues over (under) expenditures	<u>7,910,402</u>	<u>(5,881,896)</u>	<u>(766,337)</u>	<u>1,262,169</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	-	2,660,861	766,337	3,427,198
Operating transfers out	(3,427,198)	-	-	(3,427,198)
Total other financing sources (uses)	<u>(3,427,198)</u>	<u>2,660,861</u>	<u>766,337</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures and other financing uses	<u>4,483,204</u>	<u>(3,221,035)</u>	<u>-</u>	<u>1,262,169</u>
Fund balances - beginning of the year	<u>16,357,429</u>	<u>2,901,809</u>	<u>-</u>	
Fund balances - end of the year	<u>20,840,633</u>	<u>(319,226)</u>	<u>-</u>	

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is capitalized in the statement of net assets.

This is the amount by which capital outlays exceeded depreciation expense during the year. (988,642)

Governmental funds report changes in certain liabilities in the General Long Term Debt Account Group, however the changes affect costs in the statement of activities.

Personnel cost increase due to compensated absences. (10,517)

Principle payments on bond issue recorded as expense in governmental funds 565,000

Accrued interest on bonds not reported in governmental funds 7,967

Adjustment for other post employment benefits (127,641)

Change in net assets of governmental activities \$ 708,336

The accompanying notes are an integral part of these financial statements

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

INTRODUCTION

The Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District") was created by Louisiana Revised Statute 38:291. The Levee District embraces all of Lafourche Parish lying south of the intracoastal canal. The Levee District primarily provides flood protection for those areas in the Levee District and is authorized to construct and maintain levees, levee drainage, pumps, pumping stations, drainage canals, sea wall, jetties, and breakwaters in the district to protect the lands from overflow and particularly from hurricane floodwaters and from inundation from tidewaters from the Gulf of Mexico. The Levee District administers the operations and responsibilities of Louisiana Statutes. Members of the Board are appointed by the Governor in accordance with the provisions of Louisiana Revised Statute 38:304.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

In June 1999, the Governmental Accounting Standards Board (GASB) approved Statement No. 34., "*Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*". The State of Louisiana and its components elected to implement the provisions of this statement for the year ended June 30, 2002. The implementation of this statement has created additional statements, schedules, reports, and note disclosures as follows:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the overall financial position and results of operations.
- Financial Statements are prepared using the full accrual accounting methods:
 - Depreciation is recorded on depreciable assets and property and equipment (including infrastructure) is recorded net of accumulated depreciation.
- The basic financial statements include Government-Wide Statements and Fund Financial Statements, as explained in the following note disclosures:

Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the reporting entity for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the State to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the State.

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Organizations for which the State does not appoint a voting majority but are fiscally dependent on the State.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the State of Louisiana, via the Governor, appoints all of the members of the Levee District's governing board and has the ability to impose its will on the Levee District, the Levee District was determined to be a component unit of the State of Louisiana. The accompanying financial statements present information only on the funds maintained by the Levee District and do not present information on the State of Louisiana, the general government services provided by that government unit, or the other governmental units that comprise the financial reporting entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as *general revenues*. Major individual governmental funds are reported as separate columns in the fund financial statements.

Policies specific to the government-wide financial statements are as follows:

Eliminating Internal Activity

Interfund receivables and payables are eliminated in the Statement of Net Assets except for the net residual amounts due between governmental and business-type activities. These are presented as internal balances. The Levee District has no business-type activities.

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Application of FASB Statements and Interpretations

Reporting on governmental-type activities is based on FASB Statements and Interpretations issued after November 30, 1989, except where they conflict or contradict GASB pronouncements.

Capitalizing Assets

Assets used in operations with an initial useful life that extends beyond one year are capitalized. Buildings, equipment, furniture and fixtures and infrastructure are depreciated over their estimated useful lives. Depreciation is not calculated on land, land improvements or construction in progress. Accumulated depreciation is recorded net of depreciable assets in the Statements of Net Assets.

Program Revenues

The Statement of Activities presents two categories of program revenues – (1) charges for services and (2) capital grants and contributions.

Charges for services – are revenues from exchanges or exchange like transactions with external parties that purchase, use or directly benefit from the program's goods, services, or privileges. These revenues include fees charged for specific services, licenses and permits, and operating special assessment, and include payments from exchange transactions with other governments. The Levee District receives no fees for services.

Capital grants and contributions – are resources that are restricted for operating purposes of a program. They include grants and contributions with restrictions that permit the resources to be used for programs operating of capital needs at the recipient government's discretion.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within thirty-one days after the end of the current fiscal

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

period. Expenditures generally are recorded when a liability is incurred as under accrual accounting.

Governmental Funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to various governmental funds according to the purpose for which they may or may not be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Levee District reports the following major governmental funds:

General Fund

The General Fund is the general operating fund of the Levee District. It is used to account for all financial resources except those required to be accounted for in other funds.

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, levee improvement bonds totaling \$ 7,000,000, issued during 2006 in the amount of \$ 7,000,000.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities. The fund is presently being used to account for the construction of the levee system and pumping stations in the levee district.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon thereafter to be used to pay the liabilities of the current fiscal year. For the Levee District, available means expected to be received within thirty-one days of fiscal year-end. Under the modified accrual basis, only interest is considered to be both measurable and available at fiscal year-end.

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-exchange transactions, in which the Levee District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements including timing requirements, which specify the year when resources are required to be used, matching requirements, in which the Levee District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Levee District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Revenues – Taxes

Ad valorem taxes are assessed on a calendar year basis, become due on November 15th of each year, and become delinquent on December 31st. Ad valorem taxes are recorded in the year the taxes are received. Sales taxes are recorded as revenue based on the month paid by the taxpayer. Sales taxes received by the Levee District in August are for the month of June and are recorded as a receivable as of June 30th. If taxes were recorded when assessed the amount recorded would not be materially different from the amount actually recorded in the financial statements.

Expenses/Expenditures

On an accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable

Other Financing Sources (Uses)

In governmental fund accounting, transfers between funds, which are not expected to be repaid, are accounted for as other financing sources (uses). In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts. These amounts are eliminated in the government-wide financial statements.

Proceeds from the issuance of bonds are accounted for as other financing sources in the governmental funds. These amounts are recorded as liabilities in the government-wide financial statements.

Property and Equipment

Property and Equipment are recorded at cost, if purchased or constructed. Assets acquired through contributions are capitalized at their estimated fair value, if available, or at estimated

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

fair value or cost to construct at the date of the contribution. Equipment includes all items valued above \$ 500 and infrastructure includes the cost to construct and improve the pumps, pump stations and lock systems. Assets are depreciated using the straight-line method over the useful lives of the assets as follows:

<u>Asset</u>	<u>Years</u>
Automobiles	5
Equipment	5-10
Furniture and Fixtures	7
Buildings	40
Infrastructure	40

The Levee District provides general maintenance to forty-four miles of levees, which are not recorded in these financial statements because the District does not own the levees and is not responsible for significant maintenance on them.

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Fixed Asset Account Group.

Long-Term Obligations

Long-term obligations are reported at face value.

Under GASB Statement No. 34 the government-wide financial statements and the fund financial statements do not include the General Long Term Debt Account Group.

Budget Practices

The budget practices of the Levee District are prescribed by Louisiana Revised Statute 38:318. This statute requires the Levee District to submit its annual budget to the Joint Legislative Committee on the Budget, no later than 90 days prior to the end of each fiscal year for the succeeding fiscal year for review.

The Levee District prepares budgets for all its funds but does not budget the beginning fund balance for the Debt Service Fund. The budgets are adopted on a basis consistent with Generally Accepted Accounting Principles (GAAP). The budgets were amended once during the fiscal year.

Amendments to the budget must be approved by the Board of Commissioners.

Appropriations which are not expended lapse at year end.

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Encumbrances

Encumbrance accounting is not utilized by the Levee District.

Cash, Cash Equivalents and Investments

Cash and cash equivalents include demand deposits in banks and the State Treasury. The caption "cash in banks" on the Statement of Net Assets includes all cash on deposit at banks, including certificates of deposit with an original maturity of less than 90 days. If the original maturity exceeds 90 days they are classified at investments.

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana or any other federally insured investments, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Louisiana state law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision. The market value of the demand deposits and certificates of deposit is equal to their cost.

Annual and Sick Leave

Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is considered in computing the years of service for retirement benefit purposes. The liability for leave privileges at June 30, 2012 is estimated to be \$ 85,266 which is recorded as a liability in the government-wide financial statements.

Compensatory Leave

Employees who are considered having no-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-Time). Upon termination or transfer, an employee will be paid for any time and one-half

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

compensatory leave earned and may or may not be paid for any straight hour for hour compensatory leave earned. Compensation paid will be based on the employee's hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2012 is estimated to be \$ 22,698, which is recorded as a liability in the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the data of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates

Fund Balance Classification Policies and Procedures

GASB 54 requires fund balances to be categorized as nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Amounts that are restricted are those in which constraints have been placed on the use of the resource. Committed fund balances are those amounts that can only be used for a specific purpose pursuant to constraints imposed by formal action of the board of commissioners. Assigned amounts are those that are constrained by management and the governing body, intended for a specific purpose, and not imposed by formal action. Unassigned fund balance is a residual classification for those amounts not restricted, committed, or assigned.

NOTE 2. JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES:

The Levee District is a defendant in several lawsuits involving disputed land ownership and rights-of-way. In the opinion of legal counsel for the Levee District, the probability of an adverse/unfavorable outcome is unclear and no estimate of the amount or range of loss is possible at this time.

NOTE 3. PENSION PLAN:

Substantially all employees of the Levee District are members of the Louisiana State Employees Retirement System (LASERS), a cost-sharing, multi-employer public employee

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

PENSION PLAN (Continued)

retirement system. LASERS is a statewide public retirement system, which is organized for the purpose of providing retirement and other benefits for employees of the state and its various departments and agencies and their beneficiaries, and is administered and controlled by a separate board of trustees. Contributions of participating state agencies are pooled within LASERS to fund accrued benefits, with contribution rates approved by the Louisiana Legislature.

All full-time Levee District employees are eligible to participate in LASERS. Benefits vest with ten years of service. At retirement age, employees are entitled to annual benefits equal to \$ 300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service. Vested employees are entitled to a retirement benefit payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, vested employees have the option of reduced benefits at any age with 20 years of service. LASERS also provides death and disability benefits. Benefits are established by state statute. LASERS issues an annual publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804, or by calling (225) 922-0600.

Covered employees are required by state statute to contribute 7.5% of gross salary (8% if hired after July 1, 2006) and the Levee District is required to contribute at an actuarially determined rate. The contribution rate for the fiscal year ended June 30, 2012 was 25.6% of covered payroll, for June 30, 2011 was 22% of covered payroll, and for June 30, 2010 it was 18.6%. The contribution requirements of plan members and the Levee District are established and may be amended by state statute. As provided by R.S. 11:102, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation from the prior fiscal year. The South Lafourche Levee District contributions to LASERS for the years ended June 30, 2012, 2011 and 2010 were \$ 166,048, \$ 136,623 and \$ 103,044, respectively, equal to the required contributions for each year.

NOTE 4. PER DIEM PAID BOARD MEMBERS:

Per diem payments are presented on Schedule III. The per diem payments are authorized by Louisiana Revised Statute 38:308.

NOTE 5. PROPERTY AND EQUIPMENT:

At June 30, 2012, the Levee District reported the following capital assets valued at historical cost. A summary of changes in capital assets is as follows:

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 5. PROPERTY AND EQUIPMENT (Continued):

	<u>June 30, 2011</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2012</u>
Assets not being depreciated:					
Land	\$ 627,973	-	-	-	627,973
Leon Theriot Lock	-	-	-	-	-
Total not depreciated	<u>\$ 627,973</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 627,973</u>
Assets being depreciated					
Buildings	\$ 368,954	\$ -	\$ -	\$ -	368,954
Equipment	1,015,728	-	330,851	-	1,346,579
Leon Theriot Lock	27,054,853	-	-	-	27,054,853
Pump Station No. 1	3,239,585	-	-	-	3,239,585
Pump Station No. 8	700,953	-	-	-	700,953
Pump Station No. 2	3,692,087	-	-	-	3,692,087
Pump Station No. 6	5,060,286	-	-	-	5,060,286
Pump Station No. 4	3,544,102	-	-	-	3,544,102
Pump Station No. 7	2,902,317	-	-	-	2,902,317
Total assets being depreciated	<u>\$ 47,578,865</u>	<u>\$ -</u>	<u>\$ 330,851</u>	<u>\$ -</u>	<u>\$ 47,909,716</u>
Total Capital Assets	<u>\$ 48,206,838</u>	<u>\$ -</u>	<u>\$ 330,851</u>	<u>\$ -</u>	<u>\$ 48,537,689</u>
Accumulated Depreciation:					
	<u>June 30, 2011</u>	<u>Adjustments</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2011</u>
Land	\$ -	\$ -	\$ -	-	\$ -
Buildings	131,904	-	9,224	-	141,128
Equipment	690,570	-	155,413	-	845,983
Leon Theriot Lock	1,069,821	-	676,372	-	1,746,193
Pump Station No. 1	2,176,394	-	80,990	-	2,257,384
Pump Station No. 8	560,760	-	17,524	-	578,284
Pump Station No. 2	2,122,952	-	92,302	-	2,215,254
Pump Station No. 6	2,024,118	-	126,507	-	2,150,625
Pump Station No. 4	1,155,769	-	88,603	-	1,244,372
Pump Station No. 7	943,251	-	72,558	-	1,015,809
Total Accumulated depreciation	<u>10,875,539</u>	<u>-</u>	<u>1,319,493</u>	<u>-</u>	<u>12,195,032</u>
Total Capital Assets, net	<u>\$ 37,331,299</u>	<u>\$ -</u>	<u>\$ (988,642)</u>	<u>\$ -</u>	<u>\$ 36,342,657</u>

Depreciation expense amounted to \$ 1,319,493 for the year ended June 30, 2012.

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 6. LONG-TERM OBLIGATIONS:

The Levee District issued \$ 7,000,000 of Revenue Bonds (Series 2006) during the year ended June 30, 2006. The proceeds from the bonds is for constructing and maintaining necessary levees, levee drainage, flood protection, hurricane flood protection and all other purposes incidental thereto. The following is a summary of the levee improvement bond transactions for the Levee District for the year ended June 30, 2012:

2006 Bond Issue:

Date of Issue:	June 26, 2006
Original Issue	\$ 7,000,000
Outstanding, June 30, 2012	\$ 4,190,000
Redeemed in 2011-12	\$ 565,000
Interest Rates	4.23%
Maturity Dates	2012 - 2018

The bonds are secured by and payable in principal and interest solely by a pledge and dedication of the excess of annual revenues of the Issuer above statutory, necessary and usual charges in each of the fiscal years during which the bonds are outstanding.

The bonds maturing March 1, 2009, and thereafter will be callable for redemption by the Levee District at any time on or after March 1, 2007, in whole or in part, and if less than a full maturity, then by lot within such maturity, at the principal amount thereof, and accrued interest to the date fixed for redemption.

Scheduled debt service payments, including interest, on the bonds are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	600,000	177,237	777,237
2014	635,000	151,857	786,857
2015	675,000	124,997	799,997
2016	715,000	96,444	811,444
2017	760,000	66,200	826,200
2018	805,000	34,051	839,051
	<u>\$ 4,190,000</u>	<u>\$ 650,786</u>	<u>\$ 4,840,786</u>

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

LONG-TERM OBLIGATIONS (Continued)

Changes in Long-Term Liabilities

A summary of changes in long-term liabilities follows:

	July 1, 2011	Additions	Deletions	Adjustments	June 30, 2012	Amounts due within one year
Bonds Payable	\$ 4,755,000	-	\$ (565,000)	\$ -	\$ 4,190,000	\$ 600,000
OPEB Payable	857,200	131,100	(3,459)		984,841	-
Compensated Absences	97,447	10,517	-	-	107,964	26,991
	<u>\$ 5,709,647</u>	<u>\$ 141,617</u>	<u>\$ (568,459)</u>	<u>\$ -</u>	<u>\$ 5,282,805</u>	<u>\$ 626,991</u>

NOTE 7. DEPOSITS IN FINANCIAL INSTITUTIONS:

Cash and Cash Equivalents

The carrying amounts of the Levee District's deposits are as follows for the year ended June 30, 2012:

<u>General Fund:</u>	
Demand deposits	\$ 1,047,435
Certificates of deposit	-
Total general fund	<u>\$ 1,047,435</u>
<u>Capital projects fund:</u>	
Demand deposits	\$ 384,522
Total capital projects fund	<u>\$ 384,522</u>

Cash and cash equivalents are stated at cost, which approximates market.

Custodial credit risk

Under State law, deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement No. 40, which amended GASB Statement No. 3, only requires disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either:

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

DEPOSITS IN FINANCIAL INSTITUTIONS (Continued)

- 1) uninsured and uncollateralized,
- 2) uninsured and collateralized with securities held by the pledging financial institution or
- 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name

At June 30, 2012, the Levee District had \$2,094,054 in bank balances for cash deposits which is not necessarily equal to the balance sheet cash balance due to outstanding items. \$500,000 of the bank balances are covered by FDIC Insurance, the remaining \$1,594,054 of deposits are required to be reported in category 2 above.

NOTE 8. INVESTMENTS

Investments are stated at fair value. The Levee District investment policy states that it shall invest using the Prudent-Person Rule. The Prudent-Person Rule states that the Board shall act with care, skill, prudence and diligence under the circumstances prevailing that a prudent institutional investor acting in like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

Investments held at June 30, 2012 consist of \$ 14,802,061 in LAMP and certificates of deposit at financial institutions in the amount of \$ 4,000,000.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA – R.S. 33:2955. LAMP investment guidelines and historical information are available on its website www.lamppool.com or can be obtained by phoning (504) 525-LAMP.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools as they relate to GASB Statement No. 40: Credit Risk: LAMP is rated AAAM by Standard & Poor's; Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in the pool are not categorized in the three risk categories provided by GASB because the investment is in a pool of funds and therefore not evidenced by securities that exist in physical or book entry form; Concentration of credit risk: Pooled investments are excluded from the 5% disclosure requirement; Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement; Foreign currency risk: Not applicable to 2a7-like pools.

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

INVESTMENTS (Continued):

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares. LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

Custodial credit risk

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk. All securities held at June 30, 2012 are held in the trust department of a custodial bank selected by the Levee District

Investments at June 30, 2012 are comprised of:

<u>Type of Investment</u>	<u>Fund</u>	<u>Carrying Amount</u>	<u>Market Value</u>
Certificate of deposit at banks	\$ -	\$ 4,000,000	\$ 4,000,000
LAMP	14,802,031	14,802,031	14,802,031
Gov't securities	-	-	-
TOTALS	\$ 14,802,031	\$ 18,802,031	\$ 18,802,031

Concentration of credit risk

Concentration of credit risk is defined as the risk of loss attributed to the magnitude of the Levee District's investment in a single issuer.

The investment policy allows for the Finance Committee and General Manager, to determine allocations to LAMP and Certificates of Deposit based on current market factors

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

INVESTMENTS (Continued):

and financial conditions. There is no dollar or percentage limit to LAMP allocations, whereas time certificates of deposit of six-month and twelve-month renewals are limited to an amount of \$ 100,000 to \$ 1,000,000. As of June 30, 2012 there were no investments that exceeded the Levee District's concentration of credit risk investment policy.

Credit risk

Credit risk is defined as the risk that an insurer or other counterparty to an investment will not fulfill its obligations. See discussion above regarding the LAMP investment guidelines. The certificates of deposit held by the Levee District are not rated. Obligations guaranteed or implicitly guaranteed by the U.S. Government are not considered to have credit risk and are therefore not rated. The Levee District has no formal policy regarding credit risk.

Interest rate risk

Interest rate risk is defined as the risk that changes in interest rates will adversely affect the fair value of an investment. The Levee District has no formal policy regarding interest rate risk. All of the Levee District's investments have maturities of less than one year.

NOTE 9. POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS:

Plan description

Louisiana State employees may participate in the State's Other Postemployment Benefit Plan (OPEB Plan), an agent multiple-employer defined benefit OPEB Plan that provides medical and life insurance to eligible active employees, retirees and their beneficiaries. The Office of Group Benefits administers the plan. LRS 42:801-883 provides the authority to establish and amend benefit provisions of the plan. The Office of Group Benefits does not issue a publicly available financial report of the OPEB Plan; however, it is included in Louisiana Comprehensive Annual Financial Report (CAFR).

You may obtain a copy of the CAFR on the Office of Statewide Reporting and Accounting Policy's website at www.doa.la.gov/osrap.

Funding Policy

The plan is currently financed on a pay-as-you-go basis. The contribution requirements of plan members and the Board are established and may be amended by LRS 42:801-883. Employees do not contribute to their postemployment benefits cost until they become retirees and begin receiving those benefits. The retirees contribute to the cost of retiree

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS (Continued)

healthcare based on a service schedule. Contribution amounts vary depending on what healthcare provider is selected from the plan and if the member has Medicare coverage.

Annual OPEB Cost

The Levee District's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The ARC represents a level of funding that, if paid on an ongoing basis, would cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. A level percentage of payroll amortization method, open period, was used. The total ARC for the fiscal year ending June 30, 2012 is \$129,600.

The following table presents the Levee District's OPEB Obligation for the fiscal year 2012:

Annual required contribution	\$ 129,600
Interest on Net OPEB Obligation	34,300
ARC Adjustment	<u>(32,800)</u>
OPEB Cost	131,100
Contributions made (retiree cost)	<u>3,459</u>
Change in Net OPEB Obligation	127,641
Beginning Net OPEB Obligation July 1, 2011	<u>857,200</u>
Ending Net OPEB Obligation June 30, 2012	<u>\$ 984,841</u>

Utilizing the pay-as-you-go method, the Levee District contributed 2.64% and 1.85% of the annual post-employment benefits cost during 2012 and 2011, respectively.

Funded Status and Funding Progress

During the year ended June 30, 2012, the Levee District made contributions of \$3,459 to its OPEB trust. A trust was established with an effective date of July 1, 2008, but was not funded at all, has no assets, and hence has a funded ratio of zero. Since the plan was not funded, the entire actuarial accrued liability of \$ 1,108,100 was unfunded.

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 1,108,100
Actuarial value of plan assets	<u>0</u>
Unfunded actuarial accrued liability (UAAL)	1,108,100
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (annual payroll of active employee covered by the plan)	\$ 650,200
UAAL as a percentage of covered payroll	170.42%

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

POSTRETIREMENT HEALTH CARE AND OTHER BENEFITS (Continued)

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

In the July 1, 2011 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses) and initial annual healthcare cost trend rate of 8.0% and 9.1% for pre-Medicare and Medicare eligible, respectively, scaling down to ultimate rates of 5% per year. The Levee District's unfunded actuarial accrued liability is being amortized as a level percentage of payroll on an open basis. The remaining amortization period at June 30, 2011, was twenty-five years.

NOTE 10. COOPERATIVE ENDEAVOR AGREEMENTS:

On August 2010, the Levee District signed a Cooperative Endeavor Agreement with the North Lafourche Conservation, Levee and Drainage District, and the Terrebonne Levee and Conservation District to provide flood protection to Lafourche and Terrebonne Parishes where there is a need to work across parish, district and other political boundaries and a need for the pooling of resources between these three districts to achieve mutually beneficial goals. Projects shall require a supplemental agreement to this Cooperative endeavor Agreement executed by each party's authorized representative.

Amendment No. 1 – Point Aux Chenes Tie In Levee Project, Phase 2

Amendment No. 2 – Point Aux Chenes Tie In Levee Project, Phase 1

Amendment No. 3 – Permitting and environmental Clearance for Morganza to the Gulf
Reaches K & L in Lafourche Parish, Louisiana

**BOARD OF COMMISSIONERS OF THE
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2012**

NOTE 11. COMMITMENTS AND CONTINGENCIES:

The Levee District has three open contracts for flood protection as of June 30, 2012. The total commitment under these contracts is \$ 15,877,006. Through June 30, 2012 the Levee District has been billed \$ 6,853,516 leaving a remaining commitment of \$ 9,023,490. Retainage under these contracts amounted to \$ 342,677 and the Levee District owed the contractors \$ 1,063,919 as of June 30, 2012. The Levee District has two other completed contracts in which retainage payable as of June 30, 2012 amounted to \$ 47,646.

REQUIRED SUPPLEMENTARY SCHEDULES – PART II

SCHEDULE I
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE BUDGET (GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Taxes	\$ 10,342,000	\$ 10,249,256	\$ 10,391,930	\$ 142,674
Intergovernmental Revenues	7,051,000	2,835,688	51,688	(2,784,000)
Investment Income	80,000	21,476	38,062	16,586
Other Revenues	354,000	203,818	231,763	27,945
Total Revenues	17,827,000	13,310,238	10,713,443	(2,596,795)
EXPENDITURES				
Current:				
Public safety - flood protection				
Personal Services	800,000	854,800	911,563	(56,763)
Related Benefits	560,000	638,000	298,808	339,192
Travel	16,000	18,800	21,305	(2,505)
Professional Services	83,250	158,000	164,840	(6,840)
Operating Services	719,760	723,624	622,092	101,532
Supplies	139,600	190,000	198,687	(8,687)
Other	745,720	351,959	254,896	97,063
Capital Outlay	85,500	331,000	330,849	151
Total Expenditures	3,149,830	3,266,183	2,803,040	463,143
Excess of revenues over expenditures	14,677,170	10,044,055	7,910,403	(2,133,652)
OTHER FINANCING SOURCES (USES)				
Operating Transfers In	-	-	-	-
Operating Transfers Out	(27,177,170)	(26,401,484)	(3,427,199)	22,974,285
Total other financing sources (uses)	(27,177,170)	(26,401,484)	(3,427,199)	22,974,285
Excess of revenues and other financing sources over expenses and other financing uses	(12,500,000)	(16,357,429)	4,483,204	20,840,633
Fund balances - beginning of year	12,500,000	16,357,429	16,357,429	-
Fund balances - end of year	\$ -	\$ -	\$ 20,840,633	\$ 20,840,633

See accompanying notes to financial statements.

SCHEDULE II
BUDGET (GAAP BASIS) AND ACTUAL
DEBT SERVICE AND CAPITAL PROJECTS FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Debt Service Fund				Capital Projects Fund			
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES								
Intergovernmental Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,562,051	\$ 2,562,051
Interest on Investments	-	-	-	-	12,000	1,356	1,323	(33)
Other	-	-	-	-	-	-	-	-
Total revenues	-	-	-	-	12,000	1,356	2,563,374	10,644
EXPENDITURES								
Capital Outlay								
Debt Service					26,923,033	28,538,512	8,445,270	20,093,242
Principal	565,000	565,000	565,000	-	-	-	-	-
Interest	201,137	201,137	201,137	-	-	-	-	-
Paying Agent Fees	-	-	200	(200)	-	-	-	-
Total expenditures	766,137	766,137	766,337	(200)	26,923,033	28,538,512	8,445,270	20,093,242
Excess (deficiency) of revenues over expenditures	(766,137)	(766,137)	(766,337)	200	(26,911,033)	(28,537,156)	(5,881,896)	1,626,123
OTHER FINANCING SOURCES								
Operating Transfers In	766,137	766,137	766,337	(200)	26,411,033	25,635,347	2,660,862	775,686
Operating Transfers Out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	766,137	766,137	766,337	(200)	26,411,033	25,635,347	2,660,862	775,686
Excess (deficiency) of revenues and other financing sources over expenses and other financing uses	-	-	-	-	(500,000)	(2,901,809)	(3,221,034)	(319,225)
Fund balances - beginning of year	-	-	-	-	500,000	2,901,809	2,901,809	-
Fund balances - end of year	\$ -	\$ -	\$ -	\$ -	-	-	(319,225)	\$ (319,225)

See accompanying notes to financial statements

SCHEDULE III
SCHEDULE OF FUNDING PROGRESS
FOR THE YEAR ENDED JUNE 30, 2011

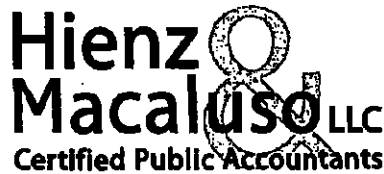
Required Supplementary Information
Schedule of Funding Progress for Louisiana's State OPEB Plan

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Projected Unit Cost	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
07/01/2009	\$0	\$2,816,500	\$2,816,500	0%	\$607,100	299.21%
07/01/2010	\$0	\$1,432,400	\$1,432,400	0%	\$597,100	239.89%
07/01/2011	\$0	\$1,108,100	\$1,108,100	0%	\$650,200	170.42%

OTHER SUPPLEMENTARY SCHEDULES

**SCHEDULE IV
PER DIEM PAID BOARD MEMBERS
FOR THE YEAR ENDED JUNE 30, 2012**

	<u>NUMBER OF MEETINGS</u>	<u>AMOUNT</u>
Lula Auenson	13	\$ 975.00
Ronald Callais	20	1,500.00
Robert Eymard, Sr.	17	1,275.00
Bob Faulk	16	1,200.00
Roy Gisclair	16	1,200.00
E.J. Gremillion	11	825.00
Mitch Danos	15	1,125.00
Monty Vegas	16	1,200.00
CJ Marts	14	1,050.00
	<hr/>	<hr/>
Total	<u>138</u>	<u>\$ 10,350.00</u>



**Report on Internal Control over Financial Reporting and on Compliance and
Other Matters based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards**

September 14, 2012

**Board of Levee Commissioners of the
South Lafourche Levee District
State of Louisiana
Galliano, Louisiana**

We have audited the financial statements of the governmental activities and each major fund of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District"), a component unit of the State of Louisiana, as of and for the year ended June 30, 2012, which collectively comprise the Levee District's basic financial statements and have issued our report thereon dated September 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Levee District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on effectiveness of the Levee District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Levee District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect, and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned

costs that we considered to be significant deficiencies in internal control over financial reporting as item 2012-1. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Levee District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2012-1.

The Levee District's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Levee District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Commissioners, management, federal and state awarding agencies and pass-through agencies and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Hienz & Macaluso, LLC
Metairie, LA

**BOARD OF COMMISSIONERS
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012**

We have audited the financial statements of the governmental activities and each major fund of the Board of Levee Commissioners of the South Lafourche Levee District (the "Levee District") as of and for the year ended June 30, 2012, and have issued our report thereon dated September 14, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 2012 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the Financial Statements:

Internal Control:

Material Weakness - **NO**
Significant Deficiency - **YES**
Other Conditions - **NO**

Compliance:

Compliance Material to the Financial Statements – NO

b. Federal Awards:

Not applicable.

Section II - Financial Statement Findings

Finding 2012-1 Travel expense and reimbursements

The Levee District has a direct expense policy for travel in which it assumes travel costs for employees and board members. Travel expenses that are charged to the Board credit card is submitted to administration for review in connection with the credit card statement. During the fiscal year 2012 we determined there to be two occurrences in which the Levee District did not get reimbursed for unrelated business expenses charged to the Board credit card during travel. The two reimbursements totaling \$198.01 were due to administrative error.

**BOARD OF COMMISSIONERS
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012**

Recommendation:

We recommend that the Levee District implement procedures to avoid improper reimbursements and a higher standard of review from management for the related expenses.

Corrective Action:

Administration will review all receipts and expense documents carefully ensuring dates and amounts are correct before reimbursement is made. No reimbursement will be made without proper documentation. Expense reports, receipts, etc. will be reviewed by management before payment is made.

Board members and employees will be provided proper procedures for filing travel and meal expenses on a yearly basis.

Section III - Federal Award Findings and Questioned Costs

Not applicable.

Section IV - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2012.

**BOARD OF COMMISSIONERS
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2012**

Section I – Internal Control and Compliance Material to the Financial Statements

Finding 2011-1 Uninsured and uncollateralized deposits

Finding:

This was a repeat finding in 2010 and 2011. Regarding security for deposits Louisiana Revised Statute 39:1225 requires "the amount of the security shall at all times be equal to one hundred percent of the amount of collected funds on deposit to the credit of each depositing authority except that portion of the deposits insured by any governmental agency insuring bank deposits which is organized under the laws of the United States". At June 30, 2011 the Levee District had uninsured and uncollateralized deposits at a State Bank in the amount of \$2,111,043.

As of June 30, 2012 this has been resolved.

Finding 2011-1 Travel expense and reimbursements

The Levee District has a direct expense reimbursement policy for travel in which it reimburses employees and board members. During the fiscal year 2011 we determined there to be two occurrences in which the Levee District improperly reimbursed board members. The two reimbursements totaling \$379 were due to administrative error and the amounts were paid back immediately to the Levee District upon discovery.

The amounts related to the 2011-1 findings were paid back to the Levee District however, see Finding 2012-1 for a similar finding in the current year.

Section II – Internal Control and Compliance Material to Federal Awards

The Levee District received no federal awards for the year ended June 30, 2010.

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2011.

**BOARD OF COMMISSIONERS
SOUTH LAFOURCHE LEVEE DISTRICT
STATE OF LOUISIANA
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2012**

Section I – Internal Control and Compliance Material to the Financial Statements

Finding 2012-1 Travel expense and reimbursements

The Levee District has a direct expense reimbursement policy for travel in which it reimburses employees and board members. During the fiscal year 2011 we determined there to be two occurrences in which the Levee District improperly reimbursed board members. The two reimbursements totaling \$379 were due to administrative error and the amounts were paid back immediately to the Levee District upon discovery.

Recommendation:

We recommend that the Levee District implement procedures to avoid improper payments of unrelated business expenses and a higher standard of review from management to track reimbursements due from employees and board members.

Corrective Action:

Administration will review all travel expense documents related to credit card charges to determine if unrelated travel expenses exist. Payments made on behalf of an employee or board member for credit card charges of unrelated travel expenses will be reimbursed to the Board in a timely manner. Management will track these expenses and the related reimbursement.

Board members and employees will be provided proper procedures for reimbursing the Board for unrelated travel expenses on a yearly basis.

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable

Section III - Management Letter

A management letter was not issued in connection with the audit for the year ended June 30, 2012.

REQUIRED SUPPLEMENTARY INFORMATION – PART III

**REPORTING PACKET - DIVISION OF ADMINISTRATION,
OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

ANNUAL FINANCIAL REPORT

As a component unit of the State of Louisiana, the financial statements of the South Lafourche Levee District are included in Louisiana's Comprehensive Annual Financial Report. Following are the statements being submitted to the Division of Administration as listed in the Table of Contents – Other Supplementary Schedules and Reports Schedule V

**BOARD OF LEVEE COMMISSIONERS OF THE SOUTH LAFOURCHE
STATE OF LOUISIANA
Annual Financial Statements
June 30, 2012**

C O N T E N T S

Affidavits

Management's Discussion and Analysis (See audit report pages 3-7)

	Statements
Balance Sheet	A
Statement of Revenues, Expenses, and Changes in Fund Net Assets	B
Statement of Activities (including Instructions for Simplified Statement of Activities)	C
Statement of Cash Flows	D
Notes to the Financial Statements	

Notes	Note Name	Page No.
A.	Summary of Significant Accounting Policies	1
B.	Budgetary Accounting	2
C.	Deposits with Financial Institutions and Investments (See OSRAP Memo 13-01, Appendix A)	2
D.	Capital Assets – Including Capital Lease Assets	6
E.	Inventories	8
F.	Restricted Assets	8
G.	Leave	8
H.	Retirement System	8
I.	Other Postemployment Benefits (See OSRAP Memo 13-01, Appendix D)	9
J.	Leases	10
K.	Long-Term Liabilities	10
L.	Contingent Liabilities	11
M.	Related Party Transactions	11
N.	Accounting Changes	11
O.	In-Kind Contributions	11
P.	Defeased Issues	11
Q.	Revenues or Receivables – Pledged or Sold (GASB 48) (See OSRAP Memo 13-01, Appendix E)	11
R.	Government-Mandated Non-exchange Transactions (Grants)	11
S.	Violations of Finance-Related Legal or Contractual Provisions	11
T.	Short-Term Debt	11
U.	Disaggregation of Receivable Balances	12
V.	Disaggregation of Payable Balances	12
W.	Subsequent Events	12

X.	Segment Information	12
Y.	Due to/Due from and Transfers	12
Z.	Liabilities Payable from Restricted Assets	12
AA.	Prior-Year Restatement of Net Assets	12
BB.	Net Assets Restricted by Enabling Legislation (See OSRAP Memo 13-01, Appendix C)	12
CC.	Impairment of Capital Assets (See OSRAP Memo 13-01, Appendix B)	12
DD.	Employee Termination Benefits	12
EE.	Pollution Remediation Obligations	12
FF.	American Recovery and Reinvestment Act (ARRA)	13
GG.	Restricted Net Assets – Other Purposes	13

Schedules

1	Schedule of Per Diem Paid to Board Members
2	Not Applicable
3	Schedules of Long-Term Debt
4	Schedules of Long-Term Debt Amortization
15	Schedule of Comparison Figures and Instructions
16	Schedule of Cooperative Endeavors (see OSRAP Memo 13-01 Appendix F)

See the Appendix Packet on our Website (OSRAP Memo 13-01)

Schedule Number

STATE OF LOUISIANA
Annual Financial Statements
Fiscal Year Ended June 30, 2012

SOUTH LAFOURCHE LEVEE DISTRICT
P O BOX 426
GALLIANO, LA 70354

Division of Administration
Office of Statewide Reporting
and Accounting Policy
P. O. Box 94095
Baton Rouge, Louisiana 70804-9095

Legislative Auditor
P. O. Box 94397
Baton Rouge, Louisiana 70804-9397

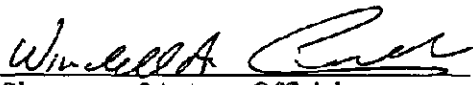
LLAFileroom@lla.la.gov.

Physical Address:
1201 N. Third Street
Claiborne Building, 6th Floor, Suite 6-130
Baton Rouge, Louisiana 70802

Physical Address:
1600 N. Third Street
Baton Rouge, Louisiana 70802

AFFIDAVIT

Personally came and appeared before the undersigned authority, Windell A. Curole, General Manager of South Lafourche Levee District who duly sworn, deposes and says, that the financial statements herewith given present fairly the financial position of South Lafourche Levee District at June 30, 2012 and the results of operations for the year then ended in accordance with policies and practices established by the Division of Administration or in accordance with Generally Accepted Accounting Principles as prescribed by the Governmental Accounting Standards Board. Sworn and subscribed before me, this 10th day of September 2012.


Signature of Agency Official
WINDELL A. CUROLE



NOTARY PUBLIC

By: ANTIN
NOTARY NO. 80169
MY COMMISSION IS FOR LIFE

Prepared by: HIENZ & MACALUSO, LLC

Title: INDEPENDENT CPA'S

Telephone No.: 504-837-5434

Date: September 10, 2012

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
BALANCE SHEET
AS OF JUNE 30, 2012**

Statement A

ASSETS

CURRENT ASSETS:

Cash and cash equivalents	\$ 1,431,957
Restricted Cash and Cash Equivalents	
Investments (LAMP)	14,802,031
Investments (Certificate of Deposits)	4,000,000
Derivative instrument	
Deferred outflow of resources	
Receivables (net of allowance for doubtful accounts)(Note U)	2,072,711
Due from other funds (Note Y)	
Due from federal government	
Inventories	
Prepayments	
Notes receivable	
Other current assets	13,642
Total current assets	22,320,341

NONCURRENT ASSETS:

Restricted assets (Note F):	
Cash	
Investments	
Receivables	
Investments	
Notes receivable	
Capital assets, net of depreciation (Note D)	
Land and non-depreciable easements	627,973
Buildings and improvements	227,826
Machinery and equipment	500,596
Infrastructure	34,986,262
Intangible assets	
Construction/Development-in-progress	
Other noncurrent assets	3,385
Total noncurrent assets	36,346,042
Total assets	\$ 58,666,383

LIABILITIES

CURRENT LIABILITIES:

Accounts payable and accruals (Note V)	\$ 272,482
Derivative instrument	
Deferred inflow of resources	
Due to other funds (Note Y)	
Due to federal government	
Deferred revenues	75,595
Amounts held in custody for others	
Other current liabilities	59,079
Current portion of long-term liabilities: (Note K)	
Contracts payable	1,454,242
Compensated absences payable	26,991
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	600,000
Other long-term liabilities	
Total current liabilities	2,488,389

NONCURRENT LIABILITIES: (Note K)

Contracts payable	
Compensated absences payable	80,973
Capital lease obligations	
Claims and litigation payable	
Notes payable	
Pollution remediation obligation	
Bonds payable (include unamortized costs)	3,590,000
OPEB payable	984,841
Other long-term liabilities	
Total noncurrent liabilities	4,655,814
Total liabilities	7,144,203

NET ASSETS

Invested in capital assets, net of related debt	36,342,657
Restricted for:	
Capital projects	
Debt Service	
Unemployment compensation	
Other specific purposes	
Unrestricted	15,179,523

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT**

Statement B

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012**

OPERATING REVENUE

Sales of commodities and services	\$
Taxes and royalty revenues	10,391,930
Use of money and property	39,385
Intergovernmental funds	2,613,739
Licenses, permits, and fees	
Other	231,763
Total operating revenues	13,276,817

OPERATING EXPENSES

Cost of sales and services	11,055,820
Administrative	
Depreciation	1,319,491
Amortization	
Total operating expenses	12,375,311
Operating income(loss)	901,506

NON-OPERATING REVENUES (EXPENSES)

State appropriations	
Intergovernmental revenues(expenses)	
Taxes	
Use of money and property	
Gain on disposal of fixed assets	
Loss on disposal of fixed assets	
Federal grants	
Interest expense	(193,170)
Other revenue	
Other expense	
Total non-operating revenues(expenses)	(193,170)

Income(loss) before contributions, extraordinary items, & transfers	708,336
---	---------

Capital contributions

Extraordinary item - Loss on impairment of capital assets	
Transfers in	
Transfers out	

Change in net assets	708,336
----------------------	---------

Total net assets - beginning	50,813,844
------------------------------	------------

Total net assets - ending	\$ 51,522,180
---------------------------	---------------

The accompanying notes are an integral part of this financial statement.

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

Statement C

		Program Revenues		
		Operating	Capital	Net (Expense)
	Expenses	Charges for	Grants and	Revenue and
		Services	Contributions	Changes in
			Contributions	Net Assets
Entity	\$ <u>12,568,481</u>	\$ <u>-</u>	\$ <u>2,562,051</u>	\$ <u>-</u>
General revenues:				
Taxes				<u>9,748,406</u>
Royalty Income				<u>643,524</u>
Intergovernmental revenue				<u>51,688</u>
Interest				<u>39,385</u>
Miscellaneous				<u>231,763</u>
Special items				
Extraordinary item - Loss on impairment of capital assets				
Transfers				
Total general revenues, special items, and transfers				<u>10,714,766</u>
Change in net assets				<u>708,336</u>
Net assets - beginning as restated				<u>50,813,844</u>
Net assets - ending				<u>\$ 51,522,180</u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

Statement D

Cash flows from operating activities		
Cash receipts from customers	\$	
Cash receipts from interfund services provided		
Other operating cash receipts, if any		
Cash payments to suppliers for goods or services		(1,240,515)
Cash payments to employees for services		
Cash payments for interfund services used, including payments "In Lieu of Taxes"		
Other operating cash revenues (expenses)		4,701,786
Net cash provided(used) by operating activities		<u>3,461,271</u>
Cash flows from non-capital financing activities		
State appropriations		
Federal receipts		
Federal disbursements		
Proceeds from sale of bonds		
Principal paid on bonds		
Interest paid on bond maturities		
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Operating grants received		
Transfers in		
Transfers out		
Other		
Net cash provided(used) by non-capital financing activities		<u>-</u>
Cash flows from capital and related financing activities		
Proceeds from sale of bonds		
Principal paid on bonds		(565,000)
Interest paid on bond maturities		(201,136)
Proceeds from issuance of notes payable		
Principal paid on notes payable		
Interest paid on notes payable		
Acquisition/construction of capital assets		(330,851)
Proceeds from sale of capital assets		
Capital contributions		
Other		2,279,429
Net cash provided(used) by capital and related financing activities		<u>1,182,442</u>
Cash flows from investing activities		
Purchases of investment securities		(16,532,356)
Proceeds from sale of investment securities		12,050,000
Interest and dividends earned on investment securities		
Net cash provided(used) by investing activities		<u>(4,482,356)</u>
Net increase(decrease) in cash and cash equivalents		<u>161,357</u>
Cash and cash equivalents at beginning of year		<u>1,270,600</u>
Cash and cash equivalents at end of year	\$	<u>1,431,957</u>

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012**

**Statement D
(concluded)**

Reconciliation of operating income(loss) to net cash provided(used) by operating activities:

Operating income(loss)		\$ <u>901,506</u>
Adjustments to reconcile operating income(loss) to net cash provided(used) by operating activities:		
Depreciation/amortization	<u>1,319,491</u>	
Provision for uncollectible accounts	<u> </u>	
Other	<u> </u>	
Changes in assets and liabilities:		
(Increase)decrease in accounts receivable, net	<u>347,328</u>	
(Increase)decrease in due from other funds	<u> </u>	
(Increase)decrease in prepayments	<u> </u>	
(Increase)decrease in inventories	<u> </u>	
(Increase)decrease in other assets	<u> </u>	
Increase(decrease) in accounts payable and accruals	<u>754,789</u>	
Increase(decrease) in compensated absences payable	<u>10,516</u>	
Increase(decrease) in due to other funds	<u> </u>	
Increase(decrease) in deferred revenues	<u> </u>	
Increase(decrease) in OPEB payable	<u>127,641</u>	
Increase(decrease) in other liabilities	<u> </u>	
Net cash provided(used) by operating activities		\$ <u><u>3,461,271</u></u>

Schedule of noncash investing, capital, and financing activities:

Borrowing under capital lease(s)	\$ <u> </u>
Contributions of fixed assets	<u> </u>
Purchases of equipment on account	<u> </u>
Asset trade-ins	<u> </u>
Other (specify)	<u> </u>
	<u> </u>
	<u> </u>
	<u> </u>
Total noncash investing, capital, and financing activities:	\$ <u><u> </u></u>

The accompanying notes are an integral part of this statement.

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

INTRODUCTION

The Board of Levee Commissioners of the South Lafourche (the "Levee District"), was created by the Louisiana State Legislature under the provisions of Louisiana Revised Statute 38:291. The Levee District primarily provides flood protection for those areas in the Levee District and is authorized to construct and maintain levees, levee drainage, pumps, pumping stations, drainage canals, sea wall, jetties, and breakwaters in the district to protect the lands from overflow and particularly from hurricane floodwaters and from inundation from tidewaters from the Gulf of Mexico. The Levee District administers the operations and responsibilities of Louisiana Statutes. Members of the Board are appointed by the Governor in accordance with the provisions of Louisiana Revised Statute 38:304.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

In April of 1984, the Financial Accounting Foundation established the Governmental Accounting Standards Board (GASB) to promulgate generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local governmental entities. The GASB has issued a Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local governments. The accompanying financial statements have been prepared in accordance with such principles.

The accompanying financial statements of the Levee District present information only as to the transactions of the programs of the Levee District as authorized by Louisiana statutes and administrative regulations.

Basis of accounting refers to when revenues and expenses are recognized and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The accounts of the Levee District are maintained in accordance with applicable statutory provisions and the regulations of the Division of Administration – Office of Statewide Reporting and Accounting Policy as follows:

Revenue Recognition

Revenues are recognized using the full accrual basis of accounting; therefore, revenues are recognized in the accounting period in which they are earned and become measurable.

Expense Recognition

Expenses are recognized on the accrual basis; therefore, expenses, including salaries, are recognized in the period incurred, if measurable.

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

B. BUDGETARY ACCOUNTING- NOT APPLICABLE

C. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (If all agency cash and investments are deposited in the State Treasury, disregard Note C.) See Memo 13-01, Appendix A, for information related to Note C.

1. DEPOSITS WITH FINANCIAL INSTITUTIONS

For reporting purposes, deposits with financial institutions include savings, demand deposits, time deposits, and certificates of deposit. Under state law the Levee District may deposit funds within a fiscal agent bank selected and designated by the Interim Emergency Board. Further, the Levee District may invest in time certificates of deposit in any bank domiciled or having a branch office in the state of Louisiana, in savings accounts or shares of savings and loan associations and savings banks, and in share accounts and share certificate accounts of federally or state chartered credit unions.

For the purpose of the Statement of Cash Flows and balance sheet presentation, all highly liquid investments (including negotiable CDs and restricted cash and cash equivalents) and deposits (including nonnegotiable CDs and restricted cash and cash equivalents) with a maturity of three months or less when purchased are considered to be cash equivalents.

Deposits in bank accounts are stated at cost, which approximates market. Under state law these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These pledged securities are required to be held in the name of the pledging fiscal agent bank in a holding or custodial bank in the form of safekeeping receipts held by the State Treasurer.

GASB Statement 40, which amended GASB Statement 3, eliminated the requirement to disclose all deposits by three categories of risk. GASB Statement 40 requires only the disclosure of deposits that are considered to be exposed to custodial credit risk. An entity's deposits are exposed to custodial credit risk if the deposit balances are either 1) uninsured and uncollateralized, 2) uninsured and collateralized with securities held by the pledging financial institution, or 3) uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the entity's name.

The deposits at June 30, 2012, consisted of the following:

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012

	Cash	Nonnegotiable Certificates of Deposit	Other (Describe)	Total
Deposits per Balance Sheet (Reconciled bank balance)	\$ 1,431,957	\$	\$	\$ 1,431,957
Deposits in bank accounts per bank	\$ 2,094,054	\$	\$	\$ 2,094,054
Bank balances exposed to custodial credit risk:	\$	\$	\$	\$
a. Uninsured and uncollateralized				
b. Uninsured and collateralized with securities held by the pledging institution				
c. Uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the entity's				

NOTE: The "Deposits in bank accounts per bank" will not necessarily equal the "Deposits per Balance Sheet" due to outstanding items.

The following is a breakdown by banking institution, program, and amount of the "Deposits in bank accounts per bank" balances shown above:

<u>Banking Institution</u>	<u>Program</u>	<u>Amount</u>
1. State Bank - General Fund	Flood Protection	\$ 567,688
2. State Bank - Capital Projects	Flood Protection	962,780
3. Capital One - Payroll	Flood Protection	563,586
4.		
Total		\$ 2,094,054

Cash in State Treasury and petty cash are not required to be reported in the note disclosure. However, to aid in reconciling amounts reported on the balance sheet to amounts reported in this note, list below any cash in treasury and petty cash that are included on the balance sheet.

Cash in State Treasury	\$ 0.00
Petty cash	\$ 0.00

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

2. INVESTMENTS

The Levee District does maintain investment accounts as authorized by the State of Louisiana (Note legal provisions authorizing investments by the Levee District).

Custodial Credit Risk

Investments can be exposed to custodial credit risk if the securities underlying the investment are uninsured, not registered in the name of the entity, and are either held by the counterparty or held by the counterparty's trust department or agent, but not in the entity's name. Repurchase agreements are not subject to credit risk if the securities underlying the repurchase agreement are exempt from credit risk disclosure. Using the following table, list each type of investment disclosing the total carrying amounts and market values, and any amounts exposed to custodial credit risk.

GASB Statement 40 amended GASB Statement 3 to eliminate the requirement to disclose all investments by three categories of risk. GASB Statement 40 requires only the separate disclosure of investments that are considered to be exposed to custodial credit risk. Those investments exposed to custodial credit risk are reported by type in one of two separate columns depending upon whether they are held by a counterparty, or held by a counterparty's trust department or agent not in the entity's name. In addition, the total reported amount and fair value columns still must be reported for total investments regardless of exposure to custodial credit risk.

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012

<u>Type of Investment</u>	<u>Investments Exposed to Custodial Credit Risk</u>		<u>All Investments Regardless of Custodial Credit Risk Exposure</u>	
	<u>Uninsured, *Unregistered, and Held by Counterparty</u>	<u>Uninsured, *Unregistered, and Held by Counterparty's Trust Dept. or Agent Not in Entity's Name</u>	<u>Reported Amount Per Balance Sheet</u>	<u>Fair Value</u>
Negotiable CDs	\$ _____	\$ _____	\$ _____	\$ _____
Repurchase agreements	_____	_____	_____	_____
U.S. Government Obligations **	_____	_____	_____	_____
U.S. Agency Obligations***	_____	_____	_____	_____
Common & preferred stock	_____	_____	_____	_____
Mortgages (including CMOs & MBSs)	_____	_____	_____	_____
Corporate bonds	_____	_____	_____	_____
Mutual funds	_____	_____	_____	_____
Real estate	_____	_____	_____	_____
External Investment Pool (LAMP) ****	_____	_____	14,802,031	14,802,031
External Investment Pool (Other)	_____	_____	_____	_____
Other: (identify)	_____	_____	_____	_____
Certificates of Deposit	_____	_____	4,000,000	4,000,000
Total investments	\$ _____ - \$ _____	\$ _____ - \$ _____	\$ 18,802,031	\$ 18,802,031

* Unregistered - not registered in the name of the government or entity.

** These obligations generally are not exposed to custodial credit risk because they are backed by the full faith and credit of the U.S. government. (See Appendix A, Memo 13-01 for the definition of US Government Obligations)

*** These obligations may not be exposed to custodial credit risk (See Appendix A, Memo 13-01 for discussion of FNMA & FHLMC)

3. CREDIT RISK, INTEREST RATE RISK, CONCENTRATION OF CREDIT RISK, AND FOREIGN CURRENCY RISK DISCLOSURES

A. Credit Risk of Debt Investments

Disclose the credit risk of debt investments by credit quality ratings as described by rating agencies as of the fiscal year end, including the rating agency used (Moody's, S&P, etc.). All debt investments regardless of type can be aggregated by credit quality rating (if any are un-rated, disclose that amount).

<u>Rating Agency</u>	<u>Rating</u>	<u>Fair Value</u>
Standard & Poors	AAAm	\$ 14,802,031
_____	_____	_____
_____	_____	_____
_____	5	_____
Total		\$ 14,802,031

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

- B. Interest Rate Risk of Debt Investments- **NOT APPLICABLE**
- C. Concentration of Credit Risk- **NOT APPLICABLE**
- D. Foreign Currency Risk- **NOT APPLICABLE**
- 4. DERIVATIVES (GASB 53)- **NOT APPLICABLE**
- 5. POLICIES- **NOT APPLICABLE**
- 6. OTHER DISCLOSURES REQUIRED FOR INVESTMENTS- **NOT APPLICABLE**
- D. **CAPITAL ASSETS – INCLUDING CAPITAL LEASE ASSETS**

The fixed assets used in the Special Purpose Government Engaged only in Business-Type Activities are included on the balance sheet of the entity and are capitalized at cost. Depreciation of all exhaustible fixed assets used by the entity is charged as an expense against operations. Depreciation for financial reporting purposes is computed by the straight line method over the useful lives of the assets.

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012

Schedule of Capital Assets (includes capital leases)

Agency	Balance 6/30/2011	Prior Period Adjustments	Restated Balance 6/30/2011	Additions	Reclassifi- cation of CIP	** Retirements	Balance 6/30/2012
Capital assets not depreciated:							
Land	\$ 627,973	\$ -	\$ 627,973	\$ -	\$ -	\$ -	\$ 627,973
Non-depreciable land improvements	-	-	-	-	-	-	-
Non-depreciable easements	-	-	-	-	-	-	-
Capitalized collections	-	-	-	-	-	-	-
Software - development in progress	-	-	-	-	-	-	-
Construction in progress	-	-	-	-	-	-	-
Total capital assets not depreciated	\$ 627,973	\$ -	\$ 627,973	\$ -	\$ -	\$ -	\$ 627,973
Other capital assets:							
Depreciable land improvements	-	-	-	-	-	-	-
** Accumulated depreciation	-	-	-	-	-	-	-
Total land improvements	-	-	-	-	-	-	-
Buildings	368,954	-	368,954	-	-	-	368,954
** Accumulated depreciation	(131,904)	-	(131,904)	(9,224)	-	-	(141,128)
Total buildings	237,050	-	237,050	(9,224)	-	-	227,826
Machinery & equipment	1,015,728	-	1,015,728	330,851	-	-	1,346,579
** Accumulated depreciation	(690,570)	-	(690,570)	(155,413)	-	-	(845,983)
Total machinery & equipment	325,158	-	325,158	175,438	-	-	500,596
Infrastructure	46,194,183	-	46,194,183	-	-	-	46,194,183
** Accumulated depreciation	(10,053,065)	-	(10,053,065)	(1,154,856)	-	-	(11,207,921)
Total infrastructure	36,141,118	-	36,141,118	(1,154,856)	-	-	34,986,262
Software (internally generated & purchased)	-	-	-	-	-	-	-
Other intangibles	-	-	-	-	-	-	-
** Accumulated amortization - software	-	-	-	-	-	-	-
** Accumulated amortization - other intangibles	-	-	-	-	-	-	-
Total intangibles	-	-	-	-	-	-	-
Total other capital assets	\$ 36,703,326	\$ -	\$ 36,703,326	\$ (988,642)	\$ -	\$ -	\$ 35,714,684
Capital asset summary:							
Capital assets not depreciated	\$ 627,973	\$ -	\$ 627,973	\$ -	\$ -	\$ -	\$ 627,973
Other capital assets, book value	47,578,865	-	47,578,865	330,851	-	-	47,909,716
Total cost of capital assets	48,206,838	-	48,206,838	330,851	-	-	48,537,689
Accumulated depreciation/amortization	(10,875,539)	-	(10,875,539)	(1,319,493)	-	-	(12,195,032)
Capital assets, net	\$ 37,331,299	\$ -	\$ 37,331,299	\$ (988,642)	\$ -	\$ -	\$ 36,342,657

* Should only be used for those completed projects coming out of construction-in-progress to capital assets.

** Enter a negative number except for accumulated depreciation in the retirement column

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

E. INVENTORIES- NOT APPLICABLE

F. RESTRICTED ASSETS- NOT APPLICABLE

G. LEAVE

1. COMPENSATED ABSENCES

The Levee District has the following policy on annual and sick leave: Employees accumulate annual and sick leave at various rates based on their years of service. The amount of annual and sick leave that may be accumulated by each employee is unlimited. Upon termination, an employee is compensated for up to 300 hours of unused annual leave at the employee's hourly rate of pay. Upon retirement, unused annual leave in excess of 300 hours plus unused sick leave is considered in computing the years of service for retirement benefit purposes. The liability for leave privileges at June 30, 2012 is estimated to be \$ 85,266 which is recorded as a liability in the government-wide financial statements.

2. COMPENSATORY LEAVE

Employees who are considered having non-exempt status according to the guidelines contained in the Fair Labor Standards Act may be paid for compensatory leave earned (K-time). Upon termination or transfer, an employee will be paid for any time and one-half compensatory leave earned and may or may not be paid for any straight hour-for-hour compensatory leave earned. Compensation paid will be based on the employees' hourly rate of pay at termination or transfer. The liability for accrued payable compensatory leave at June 30, 2012 (fiscal year end) computed in accordance with the Codification of Governmental Accounting and Financial Reporting Standards, Section C60.105 is estimated to be \$22,698. The leave payable is recorded in the accompanying financial statements.

H. RETIREMENT SYSTEM

Substantially all of the employees of the Levee District are members of the Louisiana State Employees Retirement System (LASERS), a single employer defined benefit pension plan. The System is a statewide public employee retirement system (PERS) for the benefit of state employees, which is administered and controlled by a separate board of trustees. (Note: If LASERS is not your entity's retirement system, indicate the retirement system that is and replace any wording in this note that doesn't apply to your retirement system with the applicable wording.)

All full-time Levee District employees are eligible to participate in the System unless they elect to continue as a contributing member in any other retirement system for which they remain eligible for membership. Certain elected officials and officials appointed by the governor may, at their option, become members of LASERS. Normal benefits vest with 10 years of service. Generally, retirement age employees are entitled to annual benefits equal to \$300 plus 2.5% of their highest consecutive 36 months' average salary multiplied by their years of credited service except for members eligible to

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012**

begin participation in the Defined Benefit Plan (DBP) on or after July 1, 2006. Act 75 of the 2005 Regular Session changes retirement eligibility and final average compensation for members who are eligible to begin participation in the DBP beginning July 1, 2006. Retirement eligibility for these members is limited to age 60, or thereafter, upon attainment of ten years of creditable service. Final average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment.

Vested employees eligible to begin participation in the DBP before July 1, 2006, are entitled to a retirement benefit, payable monthly for life at (a) any age with 30 years of service, (b) age 55 with 25 years of service, or (c) age 60 with 10 years of service. In addition, these vested employees have the option of reduced benefits at any age with 20 years of service. Those hired on or after July 1, 2006 have only a single age option. They cannot retire until age 60 with a minimum of 10 years of service. The System also provides death and disability benefits and deferred benefit options, with qualifications and amounts defined by statute. Benefits are established or amended by state statute. The System issues a publicly available annual financial report that includes financial statements and required supplementary information for the System. For a full description of the LASERS defined benefit plan, please refer to the LASERS 2011 Financial Statements, specifically, footnotes A – Plan Description and C – Contributions. A copy of the report may be obtained by writing to the Louisiana State Employees Retirement System, Post Office Box 44213, Baton Rouge, Louisiana 70804-4213, or by calling (225) 922-0600 or (800) 256-3000. The footnotes to the Financial Statements contain additional details and are also available on-line at:

http://www.lasersonline.org/uploads/2011_CAFR_web_version.pdf

All members are required by state statute to contribute with the vast majority of employees of the state who became members before July 1, 2006 contributing 7.5% of gross salary. Act 75 of the 2005 Regular Session increases the member contribution rate from 7.5% to 8% for new members hired after June 30, 2006. The Levee District is required to contribute at an actuarially determined rate as required by R.S. 11:102. The contribution rate for the fiscal year ended June 30, 2012, increased to 25.6% of annual covered payroll from the 22% and 18.6% required in fiscal years ended June 30, 2011 and 2010 respectively. The Levee District contributions to the System for the years ending June 30, 2012, 2011, and 2010, were \$166,048, \$136,623, and \$103,044, respectively, equal to the required contributions for each year.

I. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans* addresses accounting and financial reporting for OPEB trust and agency funds of the employer. GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions* establishes standards of accounting and financial reporting for OPEB expense/expenditures and related OPEB liabilities or OPEB assets, note disclosures, and required supplementary information (RSI) in the financial reports of governmental employers. See the GASB Statement No. 45 note disclosures requirements in section 2 of this note.

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012

1. Calculation of Net OPEB Obligation

Complete the following table for only the net OPEB obligation (NOO) related to OPEB administered by the Office of Group Benefits. The ARC, NOO at the beginning of the year, interest, ARC adjustment, and Annual OPEB Expense have been computed for OGB participants (see OSRAP's website - <http://www.doa.louisiana.gov/OSRAP/afrpackets.htm>) and select "GASB 45 OPEB Valuation Report as of July 1, 2011, to be used for fiscal year ending June 30, 2012." Report note disclosures for other plans, not administrated by OGB, separately.

Annual OPEB expense and net OPEB Obligation	
Fiscal year ending	6/30/2012
1. * ARC	129,600
2. * Interest on NOO	34,300
3. * ARC adjustment	32,800
4. * Annual OPEB Expense (1. + 2. - 3.)	131,100
5. Contributions (employer pmts. to OGB for retirees' cost of 2012 insurance premiums)	3,459
6. Increase in Net OPEB Obligation (4. - 5.)	127,641
7. *NOO, beginning of year (see actuarial valuation report on OSRAP's website)	857,200
8. **NOO, end of year (6. + 7.)	984,841

*This must be obtained from the OSRAP website on the spreadsheet "GASB 45 OPEB Valuation Report as of July 1, 2011, to be used for fiscal year ending June 30, 2012."

**This should be the same amount as that shown on the Balance Sheet for the year ended June 30, 2012 if your entity's only OPEB is administered by OGB.

For more information on calculating the annual OPEB expense and the net OPEB obligation, see OSRAP Memo 13-01, Appendix D, on our website.

2. Note Disclosures – NOT APPLICABLE

J. LEASES-NOT APPLICABLE

K. LONG-TERM LIABILITIES

The following is a summary of long-term debt transactions of the entity for the year ended June 30, 2012:

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012

	<u>Year ended June 30, 2012</u>				<u>Amounts due within one year</u>
	<u>Balance June 30, 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2012</u>	
Notes and bonds payable:					
Notes payable	\$ -	\$ -	\$ -	\$ -	\$ -
Bonds payable	<u>4,755,000</u>		<u>565,000</u>	<u>4,190,000</u>	<u>600,000</u>
Total notes and bonds	<u>4,755,000</u>	<u>-</u>	<u>565,000</u>	<u>4,190,000</u>	<u>600,000</u>
Other liabilities:					
Contracts payable				-	
Compensated absences payable	97,447	10,517		107,964	26,991
Capital lease obligations				-	
Claims and litigation				-	
Pollution remediation obligation				-	
OPEB payable	857,200	131,100	3,459	984,841	
Other long-term liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other liabilities	<u>954,647</u>	<u>141,617</u>	<u>3,459</u>	<u>1,092,805</u>	<u>26,991</u>
Total long-term liabilities	\$ <u>5,709,647</u>	\$ <u>141,617</u>	\$ <u>568,459</u>	\$ <u>5,282,805</u>	\$ <u>626,991</u>

(Balances at June 30th should include current and non-current portion of L-T liabilities.)

(Send OSRAP a copy of the amortization schedule for any new debt issued.) The totals must equal the Balance Sheet for each type of long-term liabilities.

L. CONTINGENT LIABILITIES- NOT APPLICABLE

M. RELATED PARTY TRANSACTIONS- NOT APPLICABLE

N. ACCOUNTING CHANGES- NOT APPLICABLE

O. IN-KIND CONTRIBUTIONS- NOT APPLICABLE

P. DEFEASED ISSUES- NOT APPLICABLE

Q. REVENUES – PLEDGED OR SOLD (GASB 48)- NOT APPLICABLE

R. GOVERNMENT-MANDATED NONEXCHANGE TRANSACTIONS (GRANTS)- NOT APPLICABLE

S. VIOLATIONS OF FINANCE-RELATED LEGAL OR CONTRACTUAL PROVISIONS- NOT APPLICABLE

T. SHORT-TERM DEBT-NOT APPLICABLE

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012

U. DISAGGREGATION OF RECEIVABLE BALANCES

Receivables at June 30, 2012, were as follows:

Fund (gen. fund, gas tax fund, etc.)	Customer Receivables (Oil Royalties)	Taxes	Receivables from other Governments	Other Receivables	Total Receivables
General Fund	\$ 29,317	\$ 858,532	\$ 241,325	\$ 27,495	\$ 1,156,669
Capital Fund			916,042		916,042
Gross receivables	\$ 29,317	\$ 858,532	\$ 1,157,367	\$ 27,495	\$ 2,072,711
Less allowance for uncollectible accounts					
Receivables, net	\$ 29,317	\$ 858,532	\$ 1,157,367	\$ 27,495	\$ 2,072,711
Amounts not scheduled for collection during the subsequent year	\$	\$	\$	\$	\$ -

V. DISAGGREGATION OF PAYABLE BALANCES

Payables at June 30, 2012, were as follows:

Fund	Vendors	Salaries and Benefits	Accrued Interest	Other Payables	Total Payables
General Fund	\$ 106,934	\$	\$	\$	\$ 106,934
Debt Service Fund			59,079		59,079
Capital Fund	165,548			1,454,242	1,619,790
Total payables	\$ 272,482	\$ -	\$ 59,079	\$ 1,454,242	\$ 1,785,803

W. SUBSEQUENT EVENTS – NOT APPLICABLE

X. SEGMENT INFORMATION- DUE TO/DUE FROM AND TRANSFERS- NOT APPLICABLE

Y. DUE TO/DUE FROM AND TRANSFERS- NOT APPLICABLE

AA. PRIOR-YEAR RESTATEMENT OF NET ASSETS- NOT APPLICABLE

BB. NET ASSETS RESTRICTED BY ENABLING LEGISLATION (GASB 46)- NOT APPLICABLE

CC. IMPAIRMENT OF CAPITAL ASSETS & INSURANCE RECOVERIES- NOT APPLICABLE

DD. EMPLOYEE TERMINATION BENEFITS- NOT APPLICABLE

EE. POLLUTION REMEDIATION OBLIGATIONS- NOT APPLICABLE

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE DISTRICT
Notes to the Financial Statement
As of and for the year ended June 30, 2012

FF. AMERICAN RECOVERY AND REINVESTMENT ACT (ARRA)- NOT APPLICABLE

GG. RESTRICTED NET ASSETS – OTHER SPECIFIC PURPOSES- NOT APPLICABLE

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE BOARD DISTRICT
SCHEDULE OF PER DIEM PAID TO BOARD MEMBERS
JUNE 30, 2012
(Fiscal close)**

Name		Amount
Roy J. Gisclair	\$	1,200
Robert J. Eymard, Sr		1,275
Bob A. Faulk		1,200
Ronald Callais		1,500
E.J. Gremillion		825
Clarence Marts, Jr.		1,050
Monty Vegas		1,200
Lula Auenson		975
Mitch Danos		1,125
Total	\$	10,350

Note: The per diem payments are authorized by Louisiana Revised Statute, and are presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Legislature.

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE BOARD DISTRICT
SCHEDULE OF NOTES PAYABLE
JUNE 30, 2012
NOT APPLICABLE**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/PY	Redeemed (Issued)	Principal Outstanding 6/30/CY	Interest Rates	Interest Outstanding 6/30/CY
		\$	\$	\$	\$		\$
Total		\$	\$	\$	\$		\$

*Send copies of new amortization schedules

**STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE BOARD DISTRICT
SCHEDULE OF BONDS PAYABLE
JUNE 30, 2012**

Issue	Date of Issue	Original Issue	Principal Outstanding 6/30/11	Redeemed (Issued)	Principal Outstanding 6/30/12	Interest Rates	Interest Outstanding 6/30/12
Series:							
2006	06/26/06	\$7,000,000	\$4,755,000	\$565,000	\$4,190,000	4.23%	\$650,786
Unamortized Discounts and Premiums Series:							
Total		\$	\$	\$	\$		\$

***Note: Principal outstanding (bond series minus unamortized costs) at 6/30/12 should agree to bonds payable on the Statement of Net Assets.**

Send copies of new amortization schedules for bonds and unamortized costs.

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE BOARD DISTRICT
SCHEDULE OF CAPITAL LEASE AMORTIZATION
For The Year Ended June 30, 2012
NOT APPLICABLE

Fiscal Year Ending:	Payment	Interest	Principal	Balance
2013	\$ <u> </u>	\$ <u> </u>	\$ <u> </u>	\$ <u> -- </u>
2014	<u> </u>	<u> </u>	<u> </u>	<u> -- </u>
2015	<u> </u>	<u> </u>	<u> </u>	<u> -- </u>
2016	<u> </u>	<u> </u>	<u> </u>	<u> -- </u>
2017	<u> </u>	<u> </u>	<u> </u>	<u> -- </u>
2018-2022	<u> </u>	<u> </u>	<u> </u>	<u> -- </u>
2023-2027	<u> </u>	<u> </u>	<u> </u>	<u> -- </u>
2028-2032	<u> </u>	<u> </u>	<u> </u>	<u> -- </u>
2033-2037	<u> </u>	<u> </u>	<u> </u>	<u> -- </u>
Total	\$ <u> -- </u>	\$ <u> -- </u>	\$ <u> -- </u>	\$ <u> -- </u>

SCHEDULE 4-A

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE BOARD DISTRICT
SCHEDULE OF NOTES PAYABLE AMORTIZATION
For the Year Ended June 30, 2012
NOT APPLICABLE

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ _____	\$ _____
2014	_____	_____
2015	_____	_____
2016	_____	_____
2017	_____	_____
2018-2022	_____	_____
2023-2027	_____	_____
2028-2032	_____	_____
2033-2037	_____	_____
Total	\$ _____ --	\$ _____ --

STATE OF LOUISIANA
SOUTH LAFOURCHE LEVEE BOARD DISTRICT Levee District
SCHEDULE OF BONDS PAYABLE AMORTIZATION
For The Year Ended June 30, 2012

<u>Fiscal Year</u> <u>Ending:</u>	<u>Principal</u>	<u>Interest</u>
2013	\$ 600,000	\$ 177,237
2014	635,000	151,857
2015	675,000	124,997
2016	715,000	96,444
2017	760,000	66,200
2018	805,000	34,051
2019		
2020		
2021		
2022		
2023		
2024		
2025		
2026		
2027		
2028		
2029		
2030		
2031		
2032		
2033		
2034		
2035		
2036		
2037		
Subtotal	--	--
Unamortized Discounts/Premiums		
Total	\$ 4,190,000	\$ 650,786

***Note: Principal outstanding (bond series plus minus unamortized costs) at 6/30/12
should agree to bonds payable on the Statement of Net Assets.**

SCHEDULE 4-C

STATE OF LOUISIANA

SOUTH LAFOURCHE LEVEE BOARD DISTRICT Levee District

COMPARISON FIGURES

To assist OSRAP in determining the reason for the change in financial position for the State, please complete the schedule below. If the change is greater than \$3 million, explain the reason for the change.

	<u>2012</u>	<u>2011</u>	<u>Difference</u>	<u>Percentage Change</u>
1) Revenues	\$ 13,276,817	\$ 17,956,994	\$ (4,680,177)	\$ -26.06%
Expenses	12,568,481	14,057,103	(1,681,792)	-11.96%
2) Capital assets	36,342,657	37,331,299	(988,642)	-2.64%
Long-term debt	4,655,814	5,709,647	(1,053,833)	-18.46
Net Assets	51,522,180	50,813,844	708,336	1.39%
Explanation for change:	The revenue variance is due primarily to a reduction in a state grant for the capital project fund.			

AGENCY NUMBER _____
AGENCY NAME _____

NOT APPLICABLE

[illegible]